

ETHNIC ENCLAVE LIFECYCLE: A CASE STUDY OF CHINESE RESTAURANTS IN SOUTH EAST QUEENSLAND

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ABSTRACT

Immigrant entrepreneurs tend to start businesses within their ethnic enclave (EE), as it is an integral part of their social and cultural context and the location where ethnic resources reside (Logan, Alba, & Stults, 2003). Ethnic enclaves can be seen as a form of geographic cluster, China Towns are exemplar EEs, easily identified by the clustering of Chinese restaurants and other ethnic businesses in one central location. Studies on EE thus far have neglected the life cycles stages of EE and its impact on the business experiences of the entrepreneurs. In this paper, we track the formation, growth and decline of a EE. We argue that EE is a special industrial cluster and as such it follows the growth conditions proposed by the cluster life cycle theory (Menzel & Fornahl, 2009). We report a mixed method study of Chinese Restaurants in South East Queensland. Based on multiple sources of data, we concluded that changes in government policies leading to a sharp increase of immigrant numbers from a distinctive culture group can lead to the initiation and growth of the EE. Continuous incoming of new immigrants and increase competition within the cluster mark the mature stage of the EE, making the growth condition more favourable “inside” the cluster. A decline in new immigrants from the same ethnic group and the increased competition within the EE may eventually lead to the decline of such an industrial cluster, thus providing more favorable condition for growth of business outside the cluster.

KEYWORDS: Immigrant Entrepreneurship, Ethnic Entrepreneurship, Industrial Cluster, Cluster Life Cycle

INTRODUCTION

Immigrant entrepreneurs tend to start businesses within their ethnic enclave (EE), as it is an integral part of their social and cultural context and the location where ethnic resources reside (Logan, Alba, & Stults, 2003). Portes (1981: 291) formally defines ethnic enclaves as “immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises serving their own ethnic market and/or the general population. The basic characteristic of an ethnic enclave is that a significant proportion of the immigrant workforce works in enterprises owned by other minorities.” This conceptualization of geographic location populated by ethnic people and business has been widely adopted by scholars (e.g., Funkhouser, 2000; Logan et al., 2003). Light (1972) has proposed that the ethnic enclave can be viewed as a “protected market” wherein niche conditions within an ethnic community actually foster successful ethnic entrepreneurship. We argue that this protected market makes EE a special industrial cluster of ethnic products and services. In this study we focus on Chinese restaurants in South East Queensland as a special industry, treating the Chinese restaurants inside the EE as members of this special cluster, and those outside as members of the industry outside the special cluster.

An ethnic enclave is an interdependent network of social and business relationships that are geographically concentrated with its coethnic people (Portes & Bach, 1985). Chinese entrepreneurs are known for their successful business practices and their enclave activities (Drori, Honig, & Ginsberg, 2010). In a recent study, Selvarajah and Masli (2011) portrayed the development of the second Chinatown in Melbourne Australia, and identified not only the prevalence of this “clustering” of ethnic entrepreneurial businesses in the hosting country such as Australia, but also the important role of these ethnic enclaves as conduits for ethnic

economic, social and political activities.

Yang, Ho and Chang (2012) suggest in their theory paper that the Chinese immigrant entrepreneurs tend to utilize ethnic network resources in order to reduce transaction costs and thus enhance business performance. Tilly (1990) explains that immigrants' reliance on such networks for business or other information minimizes the socioeconomic hardships they would experience in host countries (Raijman & Tienda, 2000).

Although an ethnic enclave has distinct economic advantages for immigrant entrepreneurs, others propose that "to enable the growth of a business, a strategic "breakout" into the mainstream markets is needed" (Altinay, 2008). Ndofor and Priem (2011) report that immigrant entrepreneurs can be successful with either of the two alternative business strategies: (a) a dominant market strategy with high economic resources, human capital and weak ties outside the ethnic enclave or (b) an enclave strategy with high social capital, and strong ties within the ethnic community. They showed that the fit between the strategy and the venture capital determines the performance of the business. We argue that the reason for these two successful strategies is due to different stages in the EE lifecycle.

Ndofor and Priem (2011) define immigrant business as ventures "pursuing an enclave strategy when its product/market scope involves a value chain dominated by coethnics—in essence, when it fully participates in an enclave economy by serving an ethnic community" (p.793). This overlaps, but is to be differentiated from the "geographically clustered" ethnic businesses leading to the formation of the location based ethnic enclaves. Pe'er and Keil (2013) find that startups are affected by local cluster conditions such as skilled labor, suppliers, buyers and competition. Thus, it is important to understand what effects cluster conditions within the ethnic enclave location have on the performance of immigrant entrepreneurs' businesses.

These mixed recommendations in the literature may be a result of not understanding the lifecycle of an EE. In this paper we ask two research questions: How do EE form, grow and decline? How do the local cluster conditions differ at different stage of the enclave lifecycle? To investigate these questions we use a mixed-method research design including interviews with immigrant entrepreneurs, quantitative survey data and secondary data tracking the location of Chinese restaurants in Southeast Queensland.

Cluster Life Cycle Theory and Its Application on EE

We argue that Chinese Restaurants in South East Queensland can be viewed as a special industry, and the EEs can be viewed as special industrial clusters. Thus to understand the life cycle of the industrial cluster and its impact on cluster members, we applied the Menzen and Fornahl's (2010) theorization of cluster life cycles and cluster evolution to explain the expected changes in market condition at various stages of the EE life cycle.

Menzel and Fornahl (2009) argued that clusters by definition contains not only companies but institutions, and companies within the thematic and spatial boundary are interconnected (Porter, 1989). Clusters are described to progress through phases of development, expansion, maturation and transitions (Van Klink & De Langen, 2001). Menzel and Fornahl (2010) proposed that "the movement of the cluster through the lifecycle depends on the increase and decrease of heterogeneity among the cluster's companies and organizations; and that the way firms exploit this heterogeneity distinguishes clustered from non-clustered companies" (p.206).

Cluster Growth and Development

It is argued that in the emerging phase of an industry, companies are scattered and there is no clear geographical clustering. Furthermore, there is no clear performance difference between the few agglomerations of companies in the new industry compared to the rest. Menzel and Fornahl (2010) argued that during this phase the foundation for the later cluster is laid, which facilitates the growth of the industry accompanied by “the increasing preeminence of one or more clusters and a better performance of clustered companies that results in an increasing concentration of the industry.” Applying this principal, we expected no clear geographic clustering of Chinese restaurant in South East Queensland in the emerging stage of the Chinese Restaurant industry (H1). As the industry grew over time, we expected to see increasing numbers of clustering of Chinese restaurants South East Queensland (H2). Furthermore, we expected the performance of restaurants inside the EE to be superior than those outside during the growth phase (H3). Porter (1989) suggested “being part of a cluster allows companies to operate more productive in sourcing inputs, accessing information, technology and needed institutions, coordinating with related companies and measuring and motivating improvement” (p.81). During the growth phase of the EE, Chinese restaurants inside the cluster will benefit from the established institutions such as availability of free local news papers and health services provided in Chinese language, and easy access to suppliers (Chinese Grocery stores) and skilled labours (coethnic employees). Physical proximity among the restaurants also made it easier to access information and stimulate innovation.

H1: During the Emerging stage of the Chinese restaurant industry, there is no clear geographical clustering of restaurants.

H2: An increase number of EE, characterised by geographic clustering of Chinese restaurants mark the growth stage of the industry.

H3: During the growth phase, Chinese restaurants inside the EEs will report superior performance than those outside.

Maturity and Transition (or Decline)

Menzel and Fornahl (2010) argued that as the industry mature, the cluster dynamics only work positively between two points in time. “The first point is after the cluster’s emergence, when there are a sufficient number of companies to reach a critical mass and cluster dynamics start to show an effect. The second point is when the cluster dynamics stop working or have a negative effect on the companies in the cluster, which results in a relative decline.” (p.207). It is argued that strong similarity of companies within a cluster can result in a negative “lock-in” thus reducing the competitiveness of the companies within the cluster by not being about to produce more radical innovation especially when facing significant changes in the industry. Thus in the decline phase of the cluster, it is expected that companies outside the cluster will outperform those inside the cluster (H4).

H4: During the decline phase of the EE, Chinese restaurants outside the EE are expected to outperform those inside.

In order to assess whether the cluster condition is still working positively or not, we need to first discuss dimensions of cluster conditions relevant to this particular industry.

Ethnic Enclave Cluster Conditions

Prior research finds that new venture performance differs, based upon the degree of industry agglomeration in the business' location (Pe'er & Keil, 2012). Cluster theory argues that businesses located within an industry cluster share a relatively higher level of: (1) local factor conditions (such as access to skilled labour), (2) local demand conditions, (3) access to competitive suppliers and supporting industries and (4) local competition and industry structure. For ethnic-related industries these conditions will differ markedly inside compared to outside the ethnic enclave.

METHOD

We conduct a case study of Chinese Restaurants in South East Queensland based on multiple sources of data. ABS and Business Directories as well as oral history data are used to describe the clustering of the businesses over time and the historical events surrounding this clustering. Interview data with eight restaurant owners and self reported survey data from 110 restaurants were used to triangulated our findings and offer further insight into the business decisions of restaurant owners at different stage of the cluster lifecycle .

Data Collection and Measures

English and Chinese Yellow Pages. The number of Chinese restaurants in different locations (postcode) are calculated using the listings in the English and Chinese Yellow Pages each year.

ABS Data. The total number of settlers from China, Hong Kong and Taiwan into Queensland every year from all the available census data; this does not include the large number of overseas students also residing in the state.

Geographic Distribution Imagine. Google map is used to show the geographic clustering of the businesses.

Qualitative Data. Eight semi-structured interviews were conducted with the restaurant owners theoretically sampled to represent business experiences at the emergent, growth, and decline stage of the cluster for owners with both growth and non-growth business goals (Table 1).

Insert Table 1 About Here

Quantitative Data. As part of a larger study, self reported business growth data were collected from owners of "all" Chinese restaurants in Brisbane we were able to locate using both the business directory and snow ball sampling. In total, 110 restaurants participated in this survey study, data was collected via face to face interviews. Business growth was measured with a three item measure: (Item 1) Whether last year's business sales were (1) lower, (2) the same (3) 0.5 times better (4) 1 times better...to (7) 2.5 times better than (a) the start of the business. (Item 2) Whether the growth was (1) lower, (2) the same, (3) better by 1-5%, (4) better than 6-10% ...(7) 21% and better than their major competitors. (Item 3) How was the employment growth for the last financial year compared to since the business started (1) extremely lower.. (4) the same..(7) extremely higher. These three items followed the convention in international business literature to ask respondents to evaluate their business growth including sales and employment growth, market growth and overall business performance since the business started (Kogut & Zander, 1992). Reliability of the business growth scale was .87 and it loaded on one factor.

Years in Operation. The years the business was in operation (or the age of the business) were measured using an ordinal scale measuring the number of years a restaurant has been run by the current owner/s. Table 2 reports the distribution of operational years for our sample. As there was only one restaurant in the first age category, it was combined with the age 2-3 category to form the age 1-3 category. Thus, age was measured using four age categories (see Table 1). **Location of the Business.** Restaurants located inside the enclave (Using the postcode) are coded as 1. Those located outside the enclave are coded as -1. The Ethnic Enclave was identified by location of the target ethnic population based upon census data.

Control variables include length of stay in Australia, English skills, and previous hospitality experience. English skills are measured by a categorical variable representing (1) very poor, (2) poor, (3) = moderate, 4 = fluent, and 5 = very fluent.

Oral History. The first author migrated to Australia in 1989 and has witnessed the growth of the enclave over the last three decades. A research assistant who worked as a Journalist for the local Chinese radio was hired to support to collection of historical data. Based on the shared memory between the first author and the research assistant, information about significant historical events were verified via old news papers and government legislations. These historical events were included in the context description to describe the extraneous and exogenous factors facilitating the phase transitions of the cluster.

RESULTS

Ethnic Enclave Lifecycle – Evidence of cluster formation, growth, development and decline

Secondary Data. Figure 1 illustrated the number of Chinese restaurants over time in Brisbane and the Sunnybank area (the new EE). Hypotheses 1 and 2 were supported. The emergence of the industry (Chinese Restaurants in South East Queensland) and Cluster (EE) is evident in Figure 1 with a clear sudden increase in the number of restaurants both inside and outside the enclave in 1999. After this growth period we can clearly see the formation of this cluster of Chinese restaurants inside the EE. Figure 1 showed the cluster reaching a “critical mass” to create favourable condition within the enclave. It also indicated that the EE reached a stable size and ceased growing; however, the industry seem to continue to grow.

Hypotheses 4 was also supported. Figure 2 plotted the growth of restaurants by age and location using a two- way ANOVA, both the main effects of age and location and the interaction effect are significant. Note that the age of business is in the reverse order of the “life-cycle” stages of the EE. At the time of the survey, restaurants less than 3 years old (category 1) were established in the decline phase of the EE. Restaurants aged between 3-5 (Category 2) were established in the growth phase of the EE. Restaurants aged 5 years and older (category 3&4) were established in the emergent and early growth phase of the EE. Results of the analysis showed that growth was significantly higher for outside the enclave compared to inside at the declined phase of the EE. However, there is less clear evidence supporting hypothesis 3. While restaurants inside the EE showed slightly higher growth than those outside at the growth stage, the difference is small and statistically non-significant.

Historical Events. South East Queensland was chosen because it boasts the growth of a young (and second) enclave outside the CBD area. There was an older and much smaller Chinatown inside the Brisbane CBD area established by earlier settlers from Canton and the later Hong Kong migrants. The growth of Brisbane city after the Expo in 1988 coincided with Australia’s humanitarian policies to allow students to settle in Australia permanently after the Tiananmen Square protests of 1989. Since then, large numbers of immigrants from Taiwan and Mainland China have settled in Australia every year (see Figure 3). During the

1990s, we see a slow growth of the number of restaurants inside the enclave area (Figure 1). Between 1993 and 1995 we see sharp increase in Chinese migrants to Queensland, and early formation of the enclave, including a small number of restaurants in the enclave area. Between 1995 to 1998 a significant decline in the number of restaurants outside the enclave area contrasted with a large proportional increase of restaurants inside the enclave area.

The story of development of the new enclave, Sunnybank outside CBD, was similar to that reported by Selvarajah and Masli (2011) for the Melbourne second Chinatown outside the CBD area. There was also a large percentage of residents of other ethnicity in the area as well. New institutions were established for these new arrivals and old ones (e.g. Australian Taiwanese Chamber of Commerce & Australian China Business Council); Chinese language newspapers were once again published. During this period, four large Chinese grocery stores were established in the ethnic business centre in Sunnybank and Chinese restaurants and other ethnic businesses flourished in the surrounding area following the establishment of these grocery stores. Thus, the ethnic enclave in Sunnybank, Queensland was gradually formed in the 1990s, and slowly reached a level of sustainable maturity in the early 2000s.

Interviewee Recollection

EE Emergence Stage. Restaurant owners A,B and C commented on the absence of the Enclave when they set up their businesses. All three owners set up the business because they already had relatives in the area, there was no clear reason for choosing their business location other than that is where their families are.

A: We were the only Chinese restaurant back then, the rest of this area is aussie [Australian] businesses. This location was a convenient store, we bought it thinking we can turn it into a restaurant as it is close to the grocery store next door.

B: “There was no sunnybank back then”.

C: “ That is just where our family has set up the businss for us. We didn’t think too much about being in a location closer to other Chinese people.”

This pattern of results supported the above proposition that during the emerging phase of the industry, there is no clear geographic concentration of businesses. Owner B provided a detailed account of the “historical event” that facilitated the growth of this industry. Brisbane was a quiet place before the world expo in 1988, shops were closed at night and dining out was not common. Owner B set up a small takeaway corner shop outside the enclave in 1986, she commented:

“in 1988.. People started going out at night time.. We had the world Expo in Brisbane, they are opened until 9 o'clock. We are close to the city, people like to catch the bus. Because we are close to the city, and since that time, people likes to go out at night, and they have relatives from interstate, then they like to catch the bus to go to the expo. Because it was a very big event, it goes for half a year. The event lasted for 6 months, In Southbank... People start like to going out for dinner or get take away. So we found out that the business was growing, so we expanded. Put a few more tables, people will like to come in.”

This owner also discussed other exogenous factors such as deregulation of trading hours and establishment of larger shopping complex in the area as key driving factors for her to expand

her business.

EE Growth Stage. Restaurant owner D who currently operate two of the most profitable Hong Kong Style restaurants (one inside and one outside the EE), reflected that they to started their first restaurant outside the enclave because they did not know the trade “we were not chiefs back home”. They operated various profitable and nonprofitable restaurants outside the enclave and made the decision to move into the EE at the point of the significant growth. “We were ready then, by then we know how to run the restaurant business. We already had one very established restaurant outside, and we have perfected the cooking to be able to do well inside the Sunnyban area”. Owner D also commented on the differences in his business strategies for his restaurant inside and outside the enclave: “Inside the enclave it is a price war. There is a constant supply of ethnic customers, but the owners are crying inside when they have to sell their meals below cost. Outside the enclave we are more creative with our strategy, business is going well and our branding is the key to our success”. This reflection reflected the increase heterogeneity which distinguishes clustered from non-clustered companies. Price was the main innovation within the EE while restaurants outside the EE needs to come up with more innovative marketing strategies.

EE Transition/Decline. At the point of our interview, the EE seem to have reached a transition or decline phase for those restaurants that are not adjusting to the new changes (see the discussion below for the condition change). Owner A who spoke for both the first and second generation owner of the first Taiwanese style restaurant inside the EE stated “many of the old migrants went back to Taiwan, and large proportion of our customers is now from China, many of them are overseas students. So we have a seasonal effect, when the students go home for holidays, it is very quiet here”. This indicated the change in customer demand inside the EE, together with the increase competition and the price war mentioned by Owner D, and other issues such as “limited parking” made the business condition tough inside the EE.

On the other hand, Owner F, whose family operated another successful restaurant inside the enclave, explained her decision to open the new restaurant outside the enclave. “When we decided to open our own restaurant (independent from our parents), we did not have as much capital and the rent is very expensive inside Sunnybank. So we decide to open our restaurant outside... It was easier to serve Aussies. They don’t have preconceived idea about what a particular dish is supposed to taste like... Whereas Chinese customers often argue with you if your cooking is different from their mother’s, and outside the enclave I can price my meals at a higher price...if I were to open another restaurant, I will still choose a location outside the Sunnybank area.”

To summarize, the growth, development, transition and potential decline of the EE follow the pattern described by Menzel and Fornahl (2009). Analysis of the quantitative, qualitative and historical data supported the patterns of growth and performance of the industry and cluster.

Restaurants started to cluster inside the EE as the industry emerge after the arrival of new Chinese migrants and the world expo in 1988. Firms inside the EE experienced better market condition that attracts more ethnic firms to move into the cluster at this point. However, as the market condition change (see below), the cluster face a transition point, business owners reported more difficulty operating inside the EE and better growth outside the EE.

As reported above, changes to cluster conditions in terms of demands and

competitions inside the enclave were further demonstrated when analyzing the wave of settlers arriving in Queensland in Figure 3. There was a decline of migrants from Hong Kong after 1997, and a sharp increase of Taiwanese settlers after 1997 in Queensland. Earlier settlers from Hong Kong were more geographically dispersed, and there was an older Chinatown inside the Brisbane CBD area. The new arrival of Taiwanese settlers took advantage of the small but growing ethnic community in Sunnybank and developed it into a second Chinatown with a much larger proportion of Taiwanese cuisine and groceries. We interviewed the second generation owner of the first Taiwanese restaurant in the area (Owner A). She recalled that the restaurant was the first to establish itself in the shopping complex among a small number of “Aussie” (slang for Australian) shops, many of which were in fact migrant businesses set up by earlier settlers from other European countries. The reason for setting up her first restaurant was simply “to offer a place of gathering among friends, and at that point of time there was no Taiwanese style restaurants in Queensland”. This “early settler” advantage made the business sustainable in the early years.

Figure 1 illustrates that the first restaurant was established inside the enclave in 1988 after the Brisbane’s World Expo ‘88. The number of restaurants grew over time between 1988 and 2000. After that, the growth in the restaurant population in the ethnic enclave plateaued, possibly due to the limited number of shop spaces in this area. Figure 1 also highlights the sharp increase in the number of Chinese restaurants in the larger Brisbane area after 1989, which reflects the large number of new settlers from Hong Kong and Taiwan prior to the handover of Hong Kong to the Mainland China in 1997². From 2002, we observe a change in the source of immigrants in the area: immigrants from Taiwan and Hong Kong declined significantly while new settlers from China increased dramatically. This means the total number of new settlers stayed similar over time but the expectations of the customers changed over time. As earlier restaurants inside the enclave served predominantly Cantonese or Taiwanese style cuisines, these restaurants faced changes in their ethnic clientele; the settlers from China were more accustomed to different Chinese style of cuisines.

Owner D observed that “many of the new migrants from China opened a restaurant because they need the business to apply for residency. These owners don’t care if they lose 2 million dollars on a business as long as they get their citizenship. How do you compete with that?” Owner D’s observation reflects not only changes in market demands, but also the level of competition inside the enclave after the new settlers arrive from China.

Despite the change in clientele, older restaurants inside the enclave continued to grow due to the steady increase of new settlers from China. The percentage of Chinese resident population in this area was 19% in the 2006 census and 25% in the 2011 census (Australian Bureau of Statistics, 2007, 2010, 2011). From 2000–01 and 2005–06, the number of skilled migrants coming to Australia from China more than tripled, from 3,800 to 12,500 people, and a large percentage of them lived and operated business either directly in the enclave or in the nearby suburbs. We believe this “cluster condition” is the reason behind the continuous growth of the restaurants inside the enclave. There was no need to break out of the ethnic market because the ethnic market was still growing during the early developmental stage of the enclave. However, restaurant owners inside the EE must cater for the need of the new arrivals who have a different preference in the style of cuisines compared to the early migrants. Figure 2 showed that restaurants established after 2007 (younger than 3 years)

² After the British government handed over Hong Kong to the Mainland Chinese government in 1997 there was a flight of Hong Kong residents to different part of the world, with many migrating to Australia, the U.S. and Canada, for fear of losing businesses, properties and individual freedom..

report much higher growth outside the enclave compared to their counterparts inside the enclave. Restaurant Owner A observed that “we have reached a point where it is not enough to just do business with the Chinese customers, because you can eat Chinese food in any suburb now. There are many other restaurants serving similar cuisine. If you are not very unique, it is difficult to keep the customers... the new migrants may just eat in their nearby suburbs. Even if they visit, it is just occasionally... whereas before, because they could not have this kind of food near them, they came really regularly.” This reflection summarizes the need to “break out” when the enclave reaches maturity and competition within becomes fierce.

Gleaning from the above insights, we believe that the reason younger businesses grew more outside the ethnic enclave than inside has to do with the maturity of the ethnic enclave. When businesses are established in a young and growing ethnic enclave they receive the advantage of better access to resources and customers. But once the ethnic enclave becomes mature, internal competition is tough and disadvantages new and young businesses, but not for older, stronger, established businesses.

DISCUSSION

Immigrant entrepreneurship has been studied in various contexts, yet our understanding of how an immigrant entrepreneur survives or succeeds is limited. Our study is an effort to explore the effect the ethnic enclave has on the growth of an immigrant entrepreneur business in a host country where numerous barriers and disadvantages may face them.

This study makes a contribution to cluster theory, EE theory and theories of immigrant entrepreneurs.

This study has practical implications for immigration policies. If a host country wants its new immigrants to contribute to the society in a productive way, its immigrant policies should be developed to encourage new immigrants to develop new businesses in newer ethnic enclaves.

The findings of this study are relevant to not only future immigrant business owners, but also ethnic community leaders trying to better understand how to promote healthy and sustainable economic communities.

While this study advances the literature by addressing Chinese the development of EE and their impact on immigrant entrepreneur business performance in Australia and other host countries,

This research is not without some limitations. Although qualitative, our study has a strong sampling strategy in the representativeness of our small and homogeneous sample. This enables identification of focal effects while controlling for other potential confounding factors. Our qualitative, economic and census data contextualize our interpretation and highlight the importance of taking into account the contextual environment when studying the growth of ethnic businesses. Another limitation of the study is the focus on Chinese immigrant entrepreneurs. Entrepreneurs in other immigrant business communities may vary in the types of social capital, size of social network and their embeddedness within their ethnic community. Although this study surveyed the whole population of Chinese restaurants, focusing only on the restaurant industry might cover up the sector differences and the findings are therefore may not generalize to other sectors. Future research should consider including more industries and possibly including more than one immigrant community to ascertain variation among different immigrant groups.

CONCLUSION

Immigrant entrepreneurship is being recognized as a driver of economic growth, making their tendency to locate in ethnic enclaves very important. Ethnic enclaves can be seen as a form of geographic cluster. We ask: How do EE form, growth and decline? And how do the local conditions differ at different stage of the enclave lifecycle ? We conducted in-depth face-to-face interviews with eight restaurant owners and triangulated our findings with census and other publicly available data. We found that ethnic enclave are initiated, grow and develop following an changes in the number of immigrants from a distinctive cultural group and that EE maturity is characterized by greater competition, potentially leading to decline. More research is needed to test this Ethnic Enclave Cluster Theory.

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Table 1

	Inside EE		Outside EE	
Developmental Stages of the Enclave	Growth	Non-Growth	Growth	Non-Growth
Before the Enclave Before 1990	-	A (first Owner) S:50	B S:150	C S:100
Sustainable Enclave 1990 - 2005	D S:80	E (first owner) S:135	D S:150	-
Furious Competition inside the Enclave 2005 to present	GS:80	F S:35 E (second owner) A (second generation owner) S:50	H: S:120	F S:42

Note: S = Number of Seats in the Restaurant, a proxy for business size

Table 2. Descriptive statistics for the sample of Chinese restaurants by age of business under current owners and location inside and outside the ethnic enclave.

2. Restaurants					
1. Age of Business	Surveyed		3. Growth		
	Inside	Outside	Inside	Outside	Outside
1. Less than 1 year	1 (3.1%)	0 (0%)	1.00	-	
2. More than 1 year but less than 3 years	5(15.6%)	5(6.4%)	2.80	3.73	B
3. More than 3 year but less than 5 years	8(25%)	10(12.8%)	2.95	2.74	D
4. More than 5 year but less than 7 years	8(25%)	25(32.1%)	3.42	3.53	F
5. 7 years or more	10(31.3%)	38(48.7%)	4.30	4.48	G

Note: For strength of ties, the restaurant less than 1 year old is included in the less than 3 category.

Figure 1 The Number of Chinese Restaurants in Brisbane and Sunnybank (Ethninc Enclave)

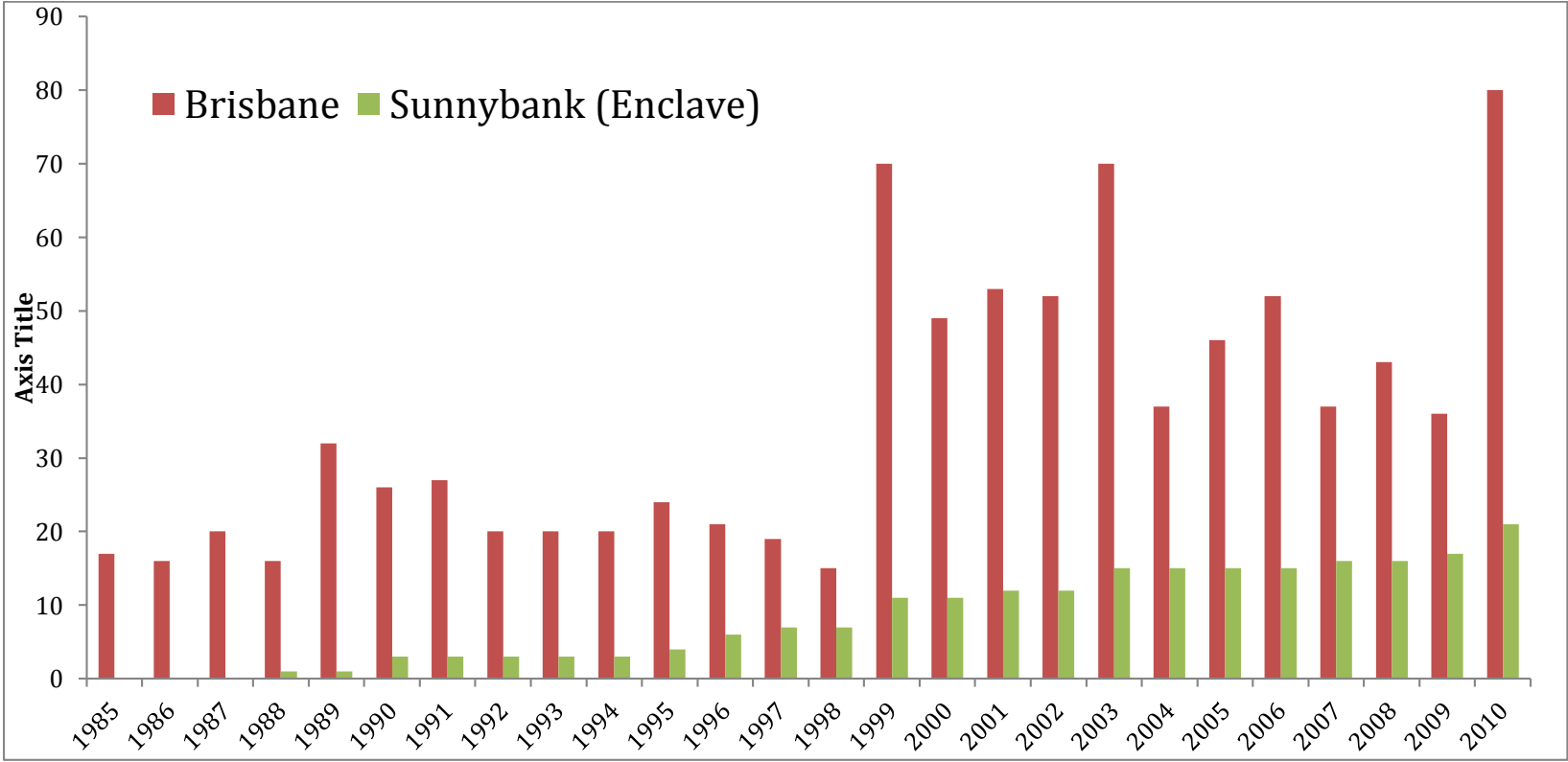


Figure 2 Business Growths by Location and Enclave Lifecycle Stage.

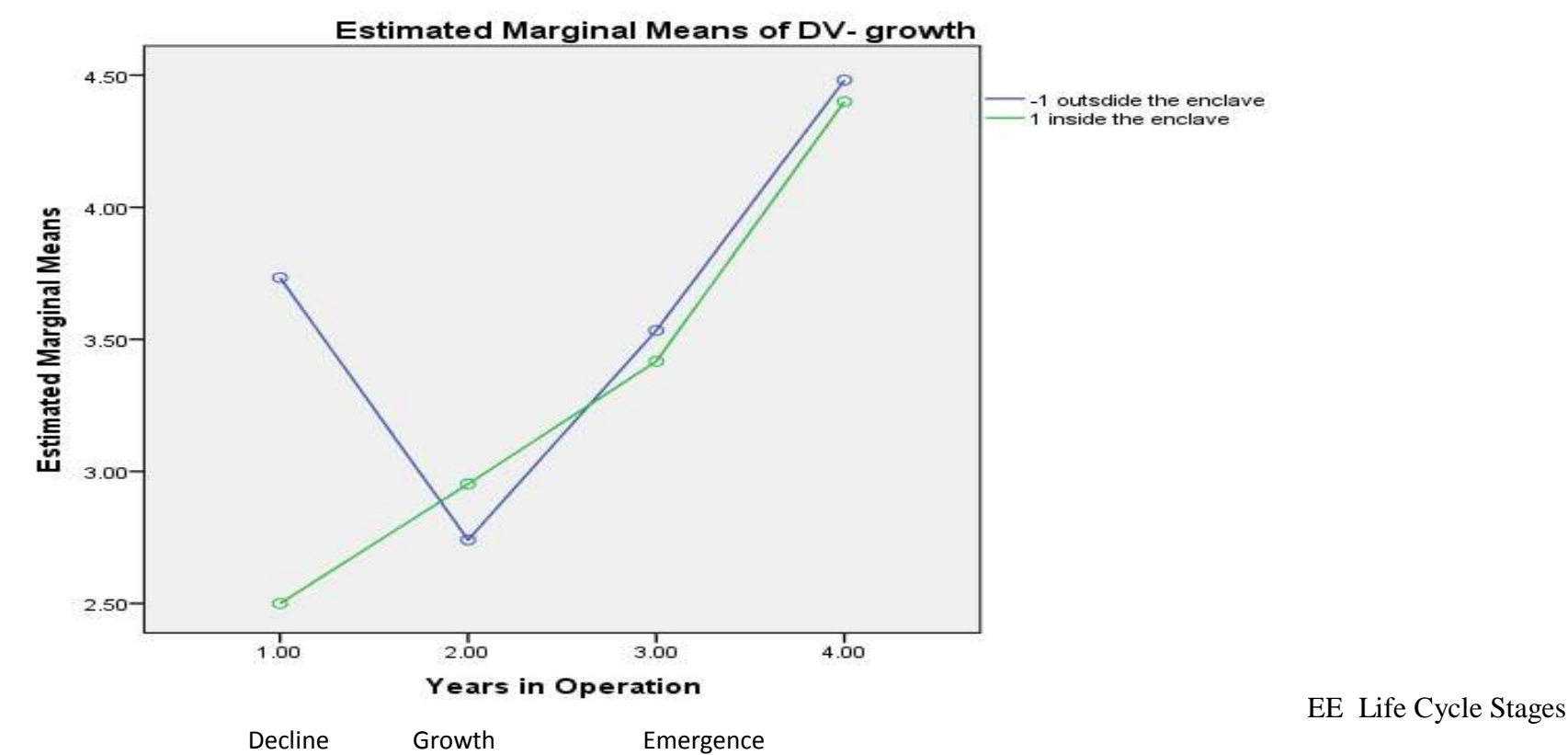


Figure 3 The Number of New Arrivals from Hong Kong, Taiwan, and China

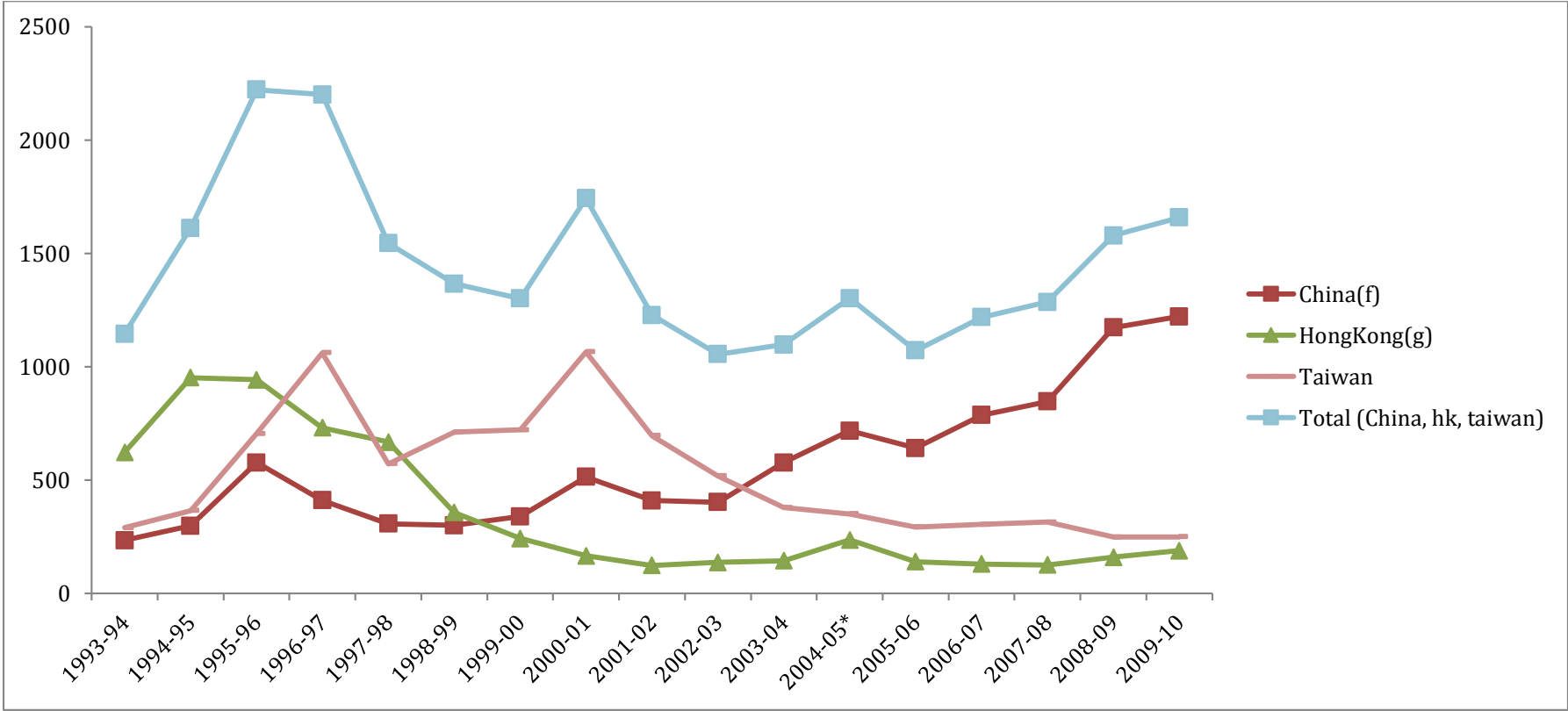
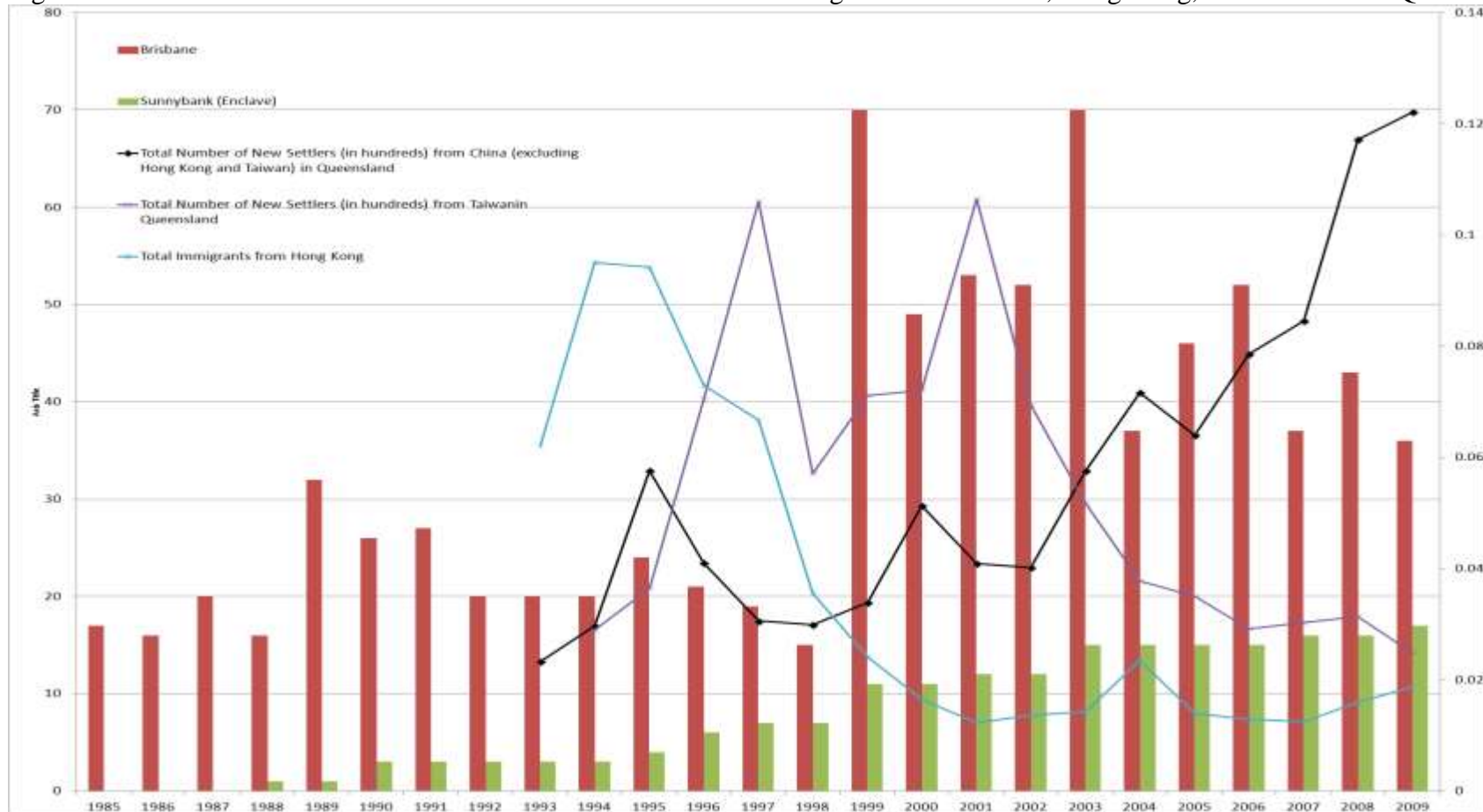


Figure 3. Number of Restaurants Inside and Outside the Enclave and Migration from China, Hong Kong, and Taiwan into Queensland per Year.



Note. Number of settlers based on ABS statistics, Number of restaurants based on counts of the advertisements in Chinese Yellow pages.